Government and Members of Parliament on the policies and programmes of the Government and the manner of implementation thereof ?

(d) Yes, Sir.

(e) and (£) No, Sir. (g)

Does not arise.

Placing Orders by NMDC for Supply of Tyres

2872. SHRI GHUFRAN AZAM: Will the Minister of STEEL be pleased to state :

(a) whether the NMDC Limited has plac<Jd orders for supply of redial tyres to a Singapore based foreign company at a higher value worth about 70.000 US $ to be supplied FOB basis ex-Singapore Port or any other European ports ;

(b) whether the same company was earlier given orders at a lower value alongwith two foreign companies for trial run ;

(c) whether it is a fact that without completing the trail run mileage this foreign company has bagged orders from NMDC Limited at a higher price due to inclination of the management;

(d) whether objections were raised by financial experts of the company which were subsequently over ruled by the CMD; and

(e) if so, the details thereof and whether any investigations would be ordered if not, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV) : (a) NMDC has reported that it placed orders in October, 1994 on MichiUine, Singapore for supply of 28 nos. Redial tyres at US $ 70,000. The unit rate of US $ 2500 per tyre in October, 1994 compares favourably with the unit rate of US $ 2495.13 at which Hindustan Copper Limited (HCL), Malanjkhand placed orders in March, 1993 on the same firm.

(b) NMDC had earlier placed trial orders on Michiline for one set of 6 radial tyres in January, 1992 at a unit rate of US $ 2251.72 and subsequent^ in August, 1993 on three foreign com panies including Michiline for supply of one set of 6 nos. radial tyres. In the trial order placed in August, 1993, Michiline offered for trial purposes a special unit rate of US $ 2196.72 per tyre.

(c) No, Sir. The order was released on Michiline, Singapore after successful trial run of one set of 6 tyres received against the earlier trial order of January, 1992.

(d) The observations of the Finance Department as well as recommendations of the Technical Selection Committee (TSC) and the Production Department were considered by the competent authority before granting approval to the purchase proposal.

(e) Does not arise since the purchase rlecision is reported to be in conformity with past practice and the prescribed purchase procedures have been followed by the company.

Production Cost of Steel

2873. SHRI PARMESHWAR KUMAR AGARWALLA : Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that the cost of basic raw materials per tonne of steel in India has been amongst the lowest in the world ;

(b) if so, the comparative details there of;

(c) whether it is also a fact that the total cost of production of steel in India is high;

(d) the cost demands which have been contributing to the high cost of Indian Steels, the reasons therefor and the details thereof;

(e) whether any comparative study been made on the element-wise cost of production of steel in India and abroad; and

(f) if so, the details thereof and if not, the reasons therefor?

; THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV) : (a) and (b) India has one of the lowest cost of iron ore per tonne of finished steel. The advantage in iron ore costs is largely offset by higher cost of coking coal per tonne of finished steel due to the poor quality of indigenous coking coal leading to high consumption.

(c) and (d) Higher input prices, poor quality of raw material, technological obsolescence coupled with outdated operational practices and higher incidence of taxes and levies are some of the main reasons for high cost of production of steel in India.

(e) and (f) In the absence of any authentic information on the cost of production of steel in other countries, it is not possible to compare the cost of production of steel in India with cost of production of steel in other countries.

Escalation in Sail Plants

2874. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of STEEL be pleased to state:

(a) the extent of project delays and cost escalations in SAIL plants for modernisa-